

5 June 1954

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Proposed DOD on Economic Intelligence Production

1. The existing NSCWD-15 is much too general and permits "across-the-board" duplication — each agency being left completely free to set its own program. Our House Appropriations hearing indicated that at least Scrivener and maybe others are aware of this looseness and expect you to take some remedial action.

2. My proposed draft makes a clear geographical (Bloc vs non-Bloc) delineation of responsibility.

3. The general guidelines paragraphs and the military economic responsibility paragraph are either identical or substantially so in both drafts.

4. On the crucial issue, State's paragraphs 2.1 a and c deal only with the Soviet Bloc and split the responsibility for it functionally, giving State "Economic policy and major political-economic trends" and reserving for CIA all the rest. In abstract this is not too unsatisfactory but State's interpretation is clearly shown by their proposal with respect to the AIE Chapter VI over which they assert primary jurisdiction on the sections dealing with Trade and Finance and the over-all integrated appreciation of the economy. It is this latter view — that CIA should be the "parts and sub-assembly contractor" whereas State remains the over-all "architect" — that is completely unacceptable to me.

5. It is also completely unrealistic from a practical point of view because of the relative balance of resources between our two shops.

6. I also object strongly to State's paragraph 3.2 which throws into the Economic Intelligence Committee major economic contributions to Bloc estimates. This means that even though possessed of 90% or more of the competence in the field is reduced to a one-sixth or less voice, and produces nothing but squabbles as witnessed by the China railroad farago.

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